

2003 DRAFTING REQUEST

Assembly Amendment (AA-ASA1-AB792)

Received: 02/25/2004

Received By: agary

Wanted: Today

Identical to LRB:

For: Lena Taylor (608) 266-0645

By/Representing: Cindy (aide)

This file may be shown to any legislator: NO

Drafter: agary

May Contact:

Addl. Drafters:

Subject: Fin. Inst. - int. rates/loans

Extra Copies:

Submit via email: YES

Requester's email: Rep.Taylor@legis.state.wi.us

Carbon copy (CC:) to: cindy.mcginnis@legis.state.wi.us

Pre Topic:

No specific pre topic given

Topic:

Predatory lending; financing points and fees revised

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	agary 02/25/2004	wjackson 02/25/2004		_____			
/1			rschluet 02/25/2004	_____	lnorthro 02/25/2004	lnorthro 02/25/2004	

FE Sent For:

<END>

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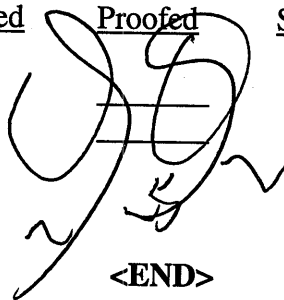
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/?	agary	1 WLj 2/25					



<END>

FE Sent For:

Gary, Aaron

From: Mcginnis, Cindy
Sent: Wednesday, February 25, 2004 4:04 PM
To: Gary, Aaron
Subject: FW: financing points and fees amendment refunds on prepayment

Aaron-

Below are comments related to 2345/1 that I asked you about earlier. Can you respond to me with the question he has raised?

Thanks

Cindy McGinnis
Legislative Aide
Office of Representative Lena Taylor
(608) 266-0645 or 1-888-534-0018
Fax: (608) 282-3618

-----Original Message-----

From: Bethany Sanchez [mailto:bethany_sanchez@hotmail.com]
Sent: Wednesday, February 25, 2004 3:41 PM
To: cindy.mcginnis@legis.state.wi.us
Cc: cdoyle@lasmilwaukee.com
Subject: FW: financing points and fees amendment refunds on prepayment

Cindy: Please see Bill Lynch's comments below.
Bethany

-----Original Message Follows-----

From: "William Lynch" <wlynch@execpc.com>
Reply-To: "William Lynch" <wlynch@execpc.com>
To: "Bethany Sanchez" <bethany_sanchez@hotmail.com>
CC: "Catey Doyle" <cdoyle@lasmilwaukee.com>
Subject: financing points and fees amendment refunds on prepayment
Date: Wed, 25 Feb 2004 15:15:07 -0600

Dear Bethany,

When a borrower refinances they are entitled to a refund of prepaid interest. Section 138.052 defines what is prepaid interest. In sub. (3) exceptions are listed. Among the items not considered prepaid for purposes of the refund are loan administration fees. Rep. Taylors draft amendment would add to the amounts that do not have to be refunded the points and fees which can be financed in a covered loan. But these fees are not for loan administration. I do not understand why the consumers prepaid interest refund should be reduced by the financed points and fees. The lender received that amount from the loan proceeds.

Bill Lynch

Bethany Sanchez
Director, Community and Economic Development
Metro Milwaukee Fair Housing Council
600 E. Mason, Suite 200
Milwaukee, WI 53202
414/ 278-1240, x22

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TODAY

a 2405 / 1
LRB: ~~11/11~~
ARG:kmg:rs

*WJ
R M N R

**ASSEMBLY AMENDMENT ,
TO ASSEMBLY SUBSTITUTE AMENDMENT 1,
TO 2003 ASSEMBLY BILL 792**

1 At the locations indicated, amend the substitute amendment as follows:

2 **1.** Page 1, line 12: after that line insert:

3 **"SECTION 1m.** 138.052 (3) (c) of the statutes is amended to read:
4 138.052 (3) (c) A loan administration fee charged by a lender, including fees
5 paid to 3rd parties for loan administration services, not exceeding 2% of the principal
6 amount of any construction loan and 2% of the principal amount of any other loan
7 or points and fees charged by a lender under s. 428.203 (5g)."

8 **2.** Page 7, line 10: after that line insert:

9 **"(5g) FINANCING POINTS AND FEES.** No lender may make a covered loan to a
10 customer that finances points and fees in excess of 3 percent of the principal amount
11 of the covered loan or \$600, whichever is greater. No lender may make a covered loan
12 to a customer that finances any points and fees if the covered loan to a customer

1 refinances an existing covered loan made by the lender. No affiliate of a lender may
2 make a covered loan to a customer that finances any points and fees if the covered
3 loan refinances an existing covered loan made by the lender during the preceding 36
4 months.”.

5

(END)